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BOATING INDUSTRY

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Watersports: The Natural Way to Diversify

Understanding Computer Language

Marine Service Personnel Report

Financial Community Romances Boating

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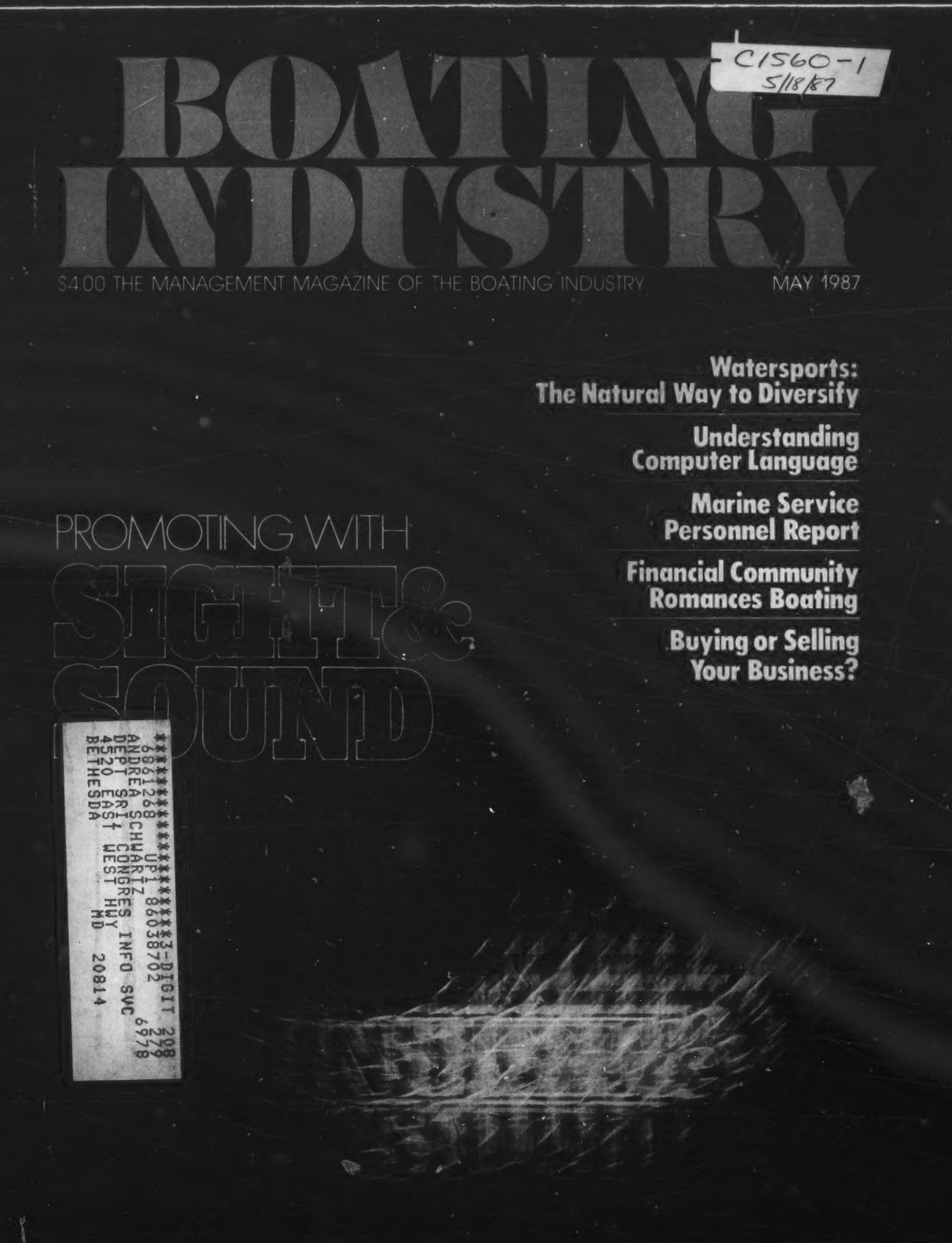

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BOATING INDUSTRY

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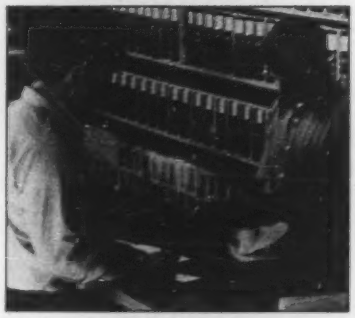

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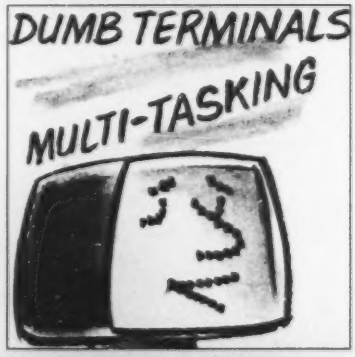

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The Boating Roller Coaster

Pleasure boating has shown remarkable growth and buoyancy since 1982 in nearly every way.

Unit sales in most major product categories have been up substantially the past four years and it looks like '87 will make it five.

Dollar volume has increased even more sharply nourished by increased unit volume as well as inflation. The trend is continuing.

Perhaps most significant of all is the growth in sophistication, assets and all around stability which has taken place at nearly every level of the industry. Hundreds of substantial new dealers have opened up shop. Hundreds of others have expanded their existing facilities or added branch operations. Pleasure boating has become big business. It is getting bigger all the time.

Mega manufacturers call for mega dealerships to properly represent them and that is exactly what we are seeing develop before our very eyes.

Below are unit sales figures for a number of major product categories. The first column shows units sold in 1978 — the last good business year before the four year slump that ran from 1979 through 1982.

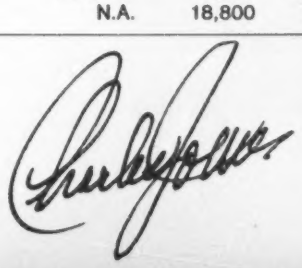
The second column in the chart gives sales figures in units for 1982 — the last year of the recession.

Finally the third column provides a comparison by detailing unit sales for 1986 — the fourth year of the current high.

The comparisons are heartening and demonstrate the tremendous resiliency of the boating field. □

THE UPS & DOWNS OF THE LAST 9 YEARS

	1978	1982	1986
Outboard Motors	450,000	287,000	410,000
Trailers	280,000	160,000	194,000
Inboard Boats	N.A.	7,850	18,000
I/O Boats	90,000	44,500	120,000
Sailboats (Aux. Power)	5,000	3,400	3,900
Sailboats (No Power)	60,000	48,500	33,300
House/Pontoon Boats (Cabin)	N.A.	1,150	N.A.
Pontoon & Deck Boats	N.A.	8,800	N.A.
Canoes	100,000	101,000	80,200
Outboard Boats	331,000	246,000	314,000
Inflatables	N.A.	18,800	30,600



Using Service Personnel to Promote Growth From Within

The argument that the service department is a dealership's most important element is overwhelming. Its dual role—profit center and builder of long-term customer relationships—sets it apart from virtually every other part of the operation. Often, it is the only sector a customer comes in contact with between major purchases and, fairly or not, the reaction to it is key in the decision of where to shop for the next boat.

Consequently, the importance of service personnel cannot be overestimated. These workers must be boat doctors and amateur psychologists, able not only to fix engines but also handle clients in a sensitive and patient manner. Coming into the shop, customers are often upset; upon getting the invoice they almost surely are. How they reflect on their treatment—often conveniently forgetting their own emotional reaction—can be as important in determining whether they come back as the cost of repairs and if the job was done correctly.

Still, evidence exists that many dealerships ignore or grossly underutilize the department, often treating it as a necessary evil. Most dealerships, said Chick Gagen, the owner of the Boating Center, a dealership with outlets in Miami and Fort Lauderdale, treat the service department "like it's back there but they wish it wasn't." Bobby Hulslander of Outhouse Marine in Jacksonville, Florida, added that the neglect often impacts the people who work in the department: "I think most dealers treat the service department more as a necessity than a full link in the chain. For that reason I think they tend to overlook and ignore their service personnel when they really should emphasize them."

Chester Clark, of Clark's Boat and Motor of East Alton, Illinois, feels that attention to the service department differentiates his operation from others. Clark uses money others spend on advertising to upgrade the department, which eventually translates into a more stable and consistent customer base. Many other dealerships, he said, "just don't realize that service is the heart of the business. We have, here in St. Louis, two fairly large dealers that are advertising about $500,000 a year on television and radio, to replace customers that are running away because of lack of service. All those customers are coming here. We thank them."

Clark is incredulous at the opportunities missed. "In the St. Louis area it's a pretty normal thing for six or seven week service," he said. "I think a lot of that is evasion. I think they don't want (to offer) service because they don't want the load of mechanics in the off season. So they get by with as few mechanics as they can, and then tell everybody they can't get to a job for six or seven weeks, knowing that they won't wait that long and will go elsewhere."

Conversations with service outlets for Yamaha, Mercury and Johnson motors and U.S. Marine's service manager suggested many ways to better integrate service personnel into the department and help the department take its leadership role in the dealership.

One of the most important elements is to have the department run by the right person. If the owner of the operation is not comfortable with mechanical things or mechanical men, it is incumbent upon him to find somebody who is. Salespeople and mechanics usually have diametrically opposite personalities: The former are expansive and make their livings dealing with people. The latter are most comfortable crunched in an engine compartment, ratchet in hand, working to the beat of a radio turned up loud enough to drown out everything else. Just as an owner who came up through the service ranks is likely to need a sales manager who understands the special psychology of people who sell, a head man whose experience is in sales is best advised to find somebody who knows mechanics.

An important issue is the work pool available to draw upon. Unfortunately, the dealer is not usually in the driver's seat. Gagen indicates that "it's very tough" to find good people; those contacted almost all joined him in bemoaning the thin talent from which to choose. Among the reasons for this is a perception—and reality in some cases—that marine service is a seasonal business. Another problem is that many mechanics taught themselves on automobiles and are less comfortable in an engine compartment than under a hood. The good ones generally have little trouble getting automotive work and see no reason to get the extra training necessary to work on boats.

Jerry Hodkiewicz, the service manager for U.S. Marine, indicated that the company is planning a long-term drive to draw people into pleasure marine propulsion service. Plans call for step-by-step literature

detailing how a person can own his or her own business. If such a drive is eventually undertaken to recruit people into the service field in general, the current shortage of qualified mechanics may be rectified.

It is vital to find people with whom a mutually satisfactory relationship is possible. For the dealer, a mechanic constitutes a sizeable investment in training and time. The mechanic, for his part, has an equal emotional investment in the arrangement. If a dealer does not get a good feeling from an applicant, no matter what his qualifications, he should not be hired. There will be too many opportunities later for the employee to steal parts and tools, waste time and be a drag on the enthusiasm of the other workers.

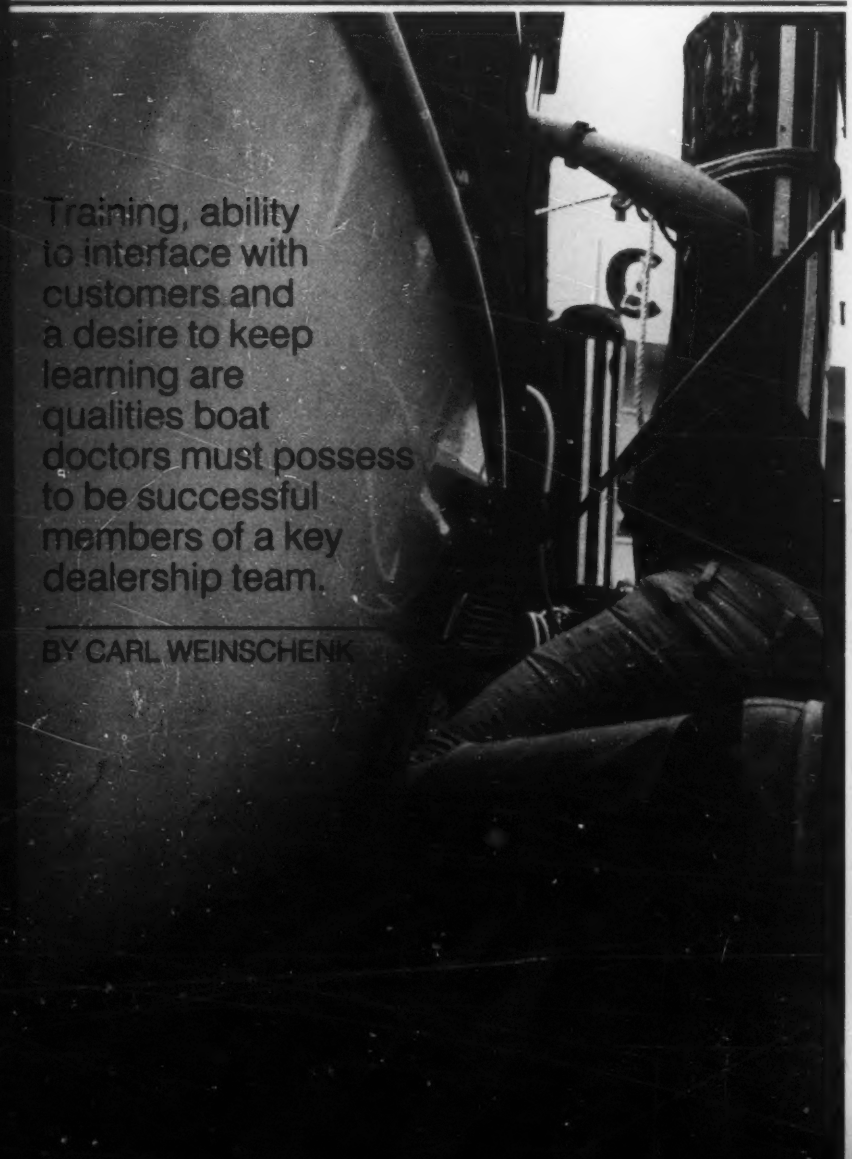
It is important to pay close attention to the prospective employees' temperaments. Many of the reasons a mechanic is likely not to take the training and run are intangibles: he likes his co-workers, he feels appreciated, he feels valued, he feels that *all* things considered, he will not get a better deal down the street. The lesson is two-fold: First, it is important to hire individuals who will fit in. Second, salaries are likely to be roughly comparable between dealerships, so creating an atmosphere where the non-monetary needs and desires of the mechanics are met is of utmost importance.

The overriding elements in getting good people are financial. These issues manifest themselves in several ways. The most important, of course, is paying workers enough to keep them from grumbling. Fair market value depends upon whether the dealership is in a highly competitive area, if there is an abundant supply of mechanically able workers in the area and if the region is depressed. It is important to realize that once people gain experience and training they are worth more and will have to be paid accordingly, even if their heightened skills were garnered at the dealership's indulgence and expense.

It is possible to do some creative things when it comes to salaries. For instance, Hulslander pays people via different methods. "The two (accessory) ladies have a salary plus commission on retail sales. My service manager is on salary, my lead mechanic is basically a contract employee...and my young mechanic is an hourly employee." In this way, Hulslander customizes the task to the reward. It is likely to give the employee incentive, keep him happy and working harder.

Another important financial element is funding the department itself. A great way to dampen enthusiasm, guarantee a high percentage of dissatisfied customers and make mechanics look for new jobs is to skimp on equipment. "The biggest problem is owners aren't willing to put money into it," said Cal Fordham, the owner and president of Housatonic Marine in Stratford, Connecticut. "A shop will produce and make a profit if you give workers what they need to work with. A lot of times they don't."

Thought should be given to what level of training you want the people you hire to have. Of course, if that near-legend mechanic across town suddenly becomes available, pick him up. But in some cases the best idea is to hire an individual with a mechanical knack regardless of his training. "Many times it's better (for them) not to have a formal training because if they have, and they've worked before on mechani-



Training, ability to interface with customers and a desire to keep learning are qualities boat doctors must possess to be successful members of a key dealership team.

BY CARL WEINSCHENK

AVERAGE WAGES OF SERVICE PERSONNEL

	Yearly	Hourly	Weekly
Foreman	$23,973	$9.36	$415
Service Writer	18,600	7.86	342
Mechanic	17,650	7.18	277
Utility Man	11,823	4.57	209

BOATING INDUSTRY asked the salary earned by various members of the service team. Facilities do not all pay employees the same way, so yearly, hourly and weekly averages are based upon different groups of responses.

Marinas surveyed indicated that 22.63 percent of gross profit comes from service departments.

cal things, they've developed habits that are bad. You can't break them in a lot of cases," said Fordham. The thought that good marine mechanics are most often developed by the dealership is echoed by Clark: "You don't find any really qualified people. You have to make them. You get people who have mechanical ability and knowledge and you send them to school and work them with people (who know marine propulsion). Working with people, they learn pretty quickly. Of course, those people have to be willing to help them."

It is important that the mechanics hired are offered adequate training. This is done through "tech reps" who visit the dealerships and, of course, schools that propulsion manufacturers hold. Keeping mechanics well trained makes them more effective in diagnosing and correcting customers' engines, gives them feelings of personal growth and demonstrates that they are important cogs in the machine, worthy of investment.

It is not only the young mechanics that must be trained. In an industry where technology is rapidly advancing, workers of all ages must be kept abreast of developments. "What are you going to teach a man whose been in the business forty-something years?" asked Tandy Counce, the owner of Counce Marine in Memphis. "You certainly are not going to teach him how to tear a motor down again. What he's going to learn is the new product and the problems they've had with them."

Hodkiewicz indicated that another prospective program from U.S. Marine involves providing dealers with the materials necessary to train mechanics in-house. If expensive trips and long absences are made unnecessary, it is likely that the number of mechanics involved and time spent working with each will increase. Hodkiewicz said that no specific details are yet available on the new program.

There are a plethora of things that can be done to heighten the chances of developing a successful service department. Many of them concern, in one way or another, keeping morale high and mechanics *wanting* to do a good job:

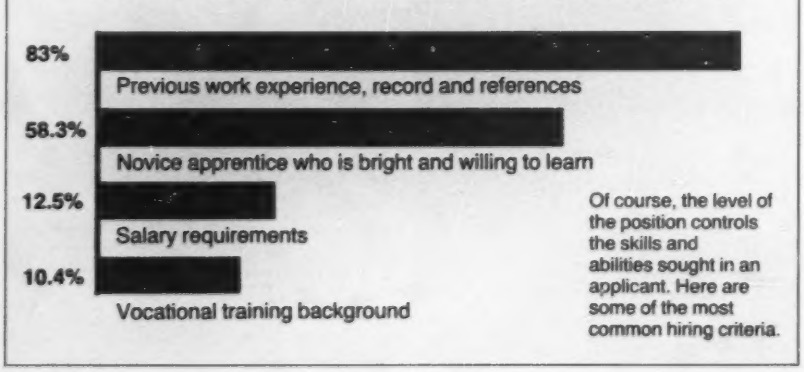
Employ people year-round: "You've got to keep them twelve months a year," said Clark. "You can't fire them in September and go hire some lawn mower mechanics in April. That's what too many shops seem to do."

Key to both recruitment and retention is defeating the notion that marine mechanics only have something to do—and make money—half the year. Of course, in large portions of the country, this is no problem. In the colder climes care must be taken to ensure that there is work all the time. Some ideas for keeping mechanics busy during the off-season: schedule vacations, perform maintenance and expansion on the plant, pre-rig as many craft as possible (of course, the sales force will have to cooperate by a concerted winter sales effort), send the staff to manufacturer schools, run specials to drum up engine work and take in snowmobiles.

Be careful who the mechanics are allowed to talk to: Dealing with concerned (at best) or irate (most often) customers can be a traumatizing experience. According to Fordham, there is a difference between the pleasure marine and auto field, from whence many mechanics came. "In the automotive field they are always back in the shop and they never have that rapport with the customer...In the boating field it becomes more on a personal basis, a one-on-one. The customer tends to ask for that mechanic, he also tends to want to talk to him personally if he is getting things installed, to set it up the way he wants it."

Many shops, however, try to limit contact to the service manager. It's a judgement call to be based upon the level of experience, interpersonal skills and impression created by the mechanic involved.

IMPORTANT FACTORS IN HIRING SERVICE PERSONNEL



Of course, the level of the position controls the skills and abilities sought in an applicant. Here are some of the most common hiring criteria.

Institute a profit sharing plan: Any method by which workers are motivated to work harder is going to help the dealership in the long run, even if it costs some money. This is especially true in service, because no matter how comprehensive the owner's or service manager's powers to observe, an uninterested, cynical worker can slide by with mediocre work and, maybe, slide out the door with a tool or two. With profit sharing, workers are, in a sense, working for themselves.

Survey respondents employ 3.6 full-time service workers, 1.5 part-timers and 2.3 seasonal workers.

Let them have loaners and use the facilities: Forrest Burrnett, the owner of Burrnett Boat Mart in Louisville, makes sure all his people have a boat for the season. Insurance, of course, is the borrower's responsibility. Marine mechanics, he reasons, are virtually always boaters themselves; access to a craft is an invaluable perk and a shrewd investment in keeping them working on Yamahas and MerCruisers instead of Chevys and Oldsmobiles. At the end of the season they should be allowed to buy the boat for a suitably reduced price. In waterfront dealerships, an arrangement may be possible in which the mechanic moors the craft at the facility or even commutes on it, and, while he is working, makes it available as a demonstrator. Also, Burrnett allows mechanics to use space and equipment as time and space allow.

Supplement salary with various perks: Not all dealerships can afford to pay top dollar. There are other things that anyone can offer: Let them have paid vacations, personal days, health insurance (if the cost of membership in a plan is too great, partially compensate workers for carrying their own policies and, by all means, let them know who is footing the bill) and let them pad their bank accounts with overtime. The underlying goal of these perks is to convince employees, consciously or unconsciously, that the dealership is not just another place to work, but a corporation in which to build a career.

Keep as many as possible involved in out-of-facility programs: Said Hulslander: "My service manager and I have been to several boat shows. We may not work the show together. I'm there with an eye toward selling, he's there to see what's new with Mercury outboards and the competition."

It is also a good idea to keep personnel conversant on engines and motors manufactured by the major vendors not carried in the facility. An individual with a broken motor may not be in the position or, for a variety of reasons, not anxious to utilize that company's area authorized repair facility. Thus, the potential is for far more than one repair; if the job is done right, the dealership may be able to gain a long-term customer by weaning him from one make to another.

Giving partial tuition reimbursements for tangentially related college classes is worth consideration. A young mechanic who is encouraged to take business courses, for instance, will become more valuable to the dealership and may eventually be management material. Of course, there is no guarantee that he will stay long enough to put what he learned into operation. Conversely, however, the good will generated and the promise of continuing education may be the very thing that convinces him to stay.

Consider giving workers free access to the parts department: If a staff is in place that is trusted, allowing unsupervised access to the parts inventory will demonstrate that trust and save a tremendous amount of time. "Every mechanic pulls his own parts," said Clark. "He doesn't stand outside a counter waiting for some parts man to take care of retail service. He doesn't have to wait an hour. He comes right over with his list, comes right into the parts department. You have to trust a mechanic and let him know you trust him. We don't have any mechanics stealing parts off us."

Keep the shop clean: From every angle: the customer (who is paying a big bill), the worker (who is spending 40 or more hours there), and the owner (who has to impress potential new business), keeping the shop clean is a must. "It's very important," said Fordham. "In a lot of cases (the customer) will look at the facility he's taking his boat to and paying top dollar to and see it's a dump. An important thing is to keep the appearance of the building, including the outside of it, as neat as you can. Sometimes it's hard because you are working on a lot of different boats and some of them may be derelicts. But you have to try your hardest."

There are many more things a dealership can do to get the most out of service personnel. Have a complaint or suggestion box handy. Institute a mechanic of the month award. Give them photocopies of letters of thanks from customers. □